

USAID/RUSSIA
ANNUAL REPORT 2002

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ANNUAL REPORT PART III: FY 2001 PERFORMANCE NARRATIVE

In the past year, Russia has realized tremendous progress in its transition to a market-oriented democracy. USAID's programs have contributed to these recent changes, while continuing to build for future successes.

We have witnessed the fruition of almost ten years of support for policy reform as the Russian government enacted new laws and promulgated new regulations on a wide range of economic, social and judicial reforms. While some of these changes are already having a noticeable impact, the benefits from many may not be fully realized for several years and will require attention to their implementation at many levels of government. The emphasis, and successes, of USAID's program at the regional and local level with government, civil society and business will take on greater significance in this implementation phase, as well as in continuing to further the transition by building sustainable institutions, replicating successful models and expanding citizen participation.

The past year was also characterized by uncertainty and set backs in Russia's democratic transition. Continuing human rights violations in Chechnya, actions against non-state media sources and efforts to consolidate power raised questions about the Putin Administration's commitment to democracy and pluralism. Despite these worrisome trends, USAID's activities, aimed at strengthening citizen participation, continued to serve as a catalyst for a growing and increasingly dynamic civil society.

In the health sector, USAID's programs achieved major breakthroughs in adapting and implementing international protocols to combat tuberculosis, and notable successes in the introduction of modern approaches to health care and child welfare. The continuing deterioration of Russians' health status points to the need to accelerate the broad dissemination and adoption of these models and protocols and the sharpen the focus on preventive care and lifestyle changes.

In 2001, we undertook a major amendment to our country strategy to adapt to changes in Russia, and revamp our performance monitoring system to enable us to better document and communicate our achievements. The amendment also enabled us to adjust our program to the conclusions of a National Security Council-mandated review of U.S. assistance to Russia in the Spring 2001. The Assistance Review recommended that U.S. assistance programs should emphasize support for entrepreneurship, strengthening civil society and media, and improving Russians' health. The Review also recommended that special attention be given to the needs of youth and ordinary Russians.

The deficiency in our performance monitoring plan that led us to amend our strategy could not be fully addressed for this reporting period. Consequently, some of our strategic objectives lack indicators that we can use for certifying the performance of our program. In other cases, the data for 2001 for some key indicators are not yet available.

We believe we will have a much stronger set of indicators (and frameworks) to work with in 2002. However, we also recognize that we will continue to struggle with how to measure and communicate our significant achievements in a country as vast as Russia. National statistics change slowly and often do not reflect regional differences and the dynamics at the sub-national level. While this measurement problem is not uncommon, no other country in which USAID works is as vast and diverse in geography and population.

SO 118-013 ACCELERATED DEVELOPMENT AND GROWTH OF PRIVATE ENTERPRISES

This strategic objective is meeting its targets based on a review of preliminary estimates. The small and medium-size enterprise sector (SME) has grown to account for an estimated 12% of Russia's GDP, and the total number of these businesses is estimated at more than three million. Exact data will be available from the GOR at the end of March 2002. USAID can claim credit for some part of this growth, through its business development and investments activities, whose direct beneficiaries are Russian SMEs. Through better policies, greater access to credit and expanded services to improve management skills, the climate for small business is steadily improving.

USAID's programs have made significant contributions to policy reforms that are lowering administrative barriers: the Government of Russia (GOR) has enacted laws, developed with USAID's assistance, on leasing, consumer cooperatives and deregulation, exemption of interest payments on loans from the value-added tax, giving microfinance institutions the same tax advantages as banks and freeing additional resources for small entrepreneurs. USAID's technical assistance helped formulate a draft law on credit cooperatives for businesses, which is moving toward a first reading in the Duma.

The USAID-funded Small Business Working Group (SBWG) had several successes. A law to liberalize leasing has expanded access by small businesses to equipment leasing, which has been identified as a constraint to their growth in the present environment. USAID will support this expansion through the use of Development Credit Authority to mitigate leasing companies' risks. Because of the SBWG's efforts, the GOR enacted a law allocating \$6.7 million to support of SME development. The USAID-supported Academy for Management and the Market was written into this law to help with training, in recognition of its success in establishing a 67-member training network throughout Russia.

Recognizing commercial banks' unwillingness to lend to small businesses, USAID has helped create a nationwide network of non-bank financial institutions. In FY 2001, growth in this sector exploded: the number of USAID-supported microfinance loans doubled from 13,000 to 32,000 at a value of \$30 million, of which USAID contributed 80%. About 56% of these loans, which averaged \$1,000 to \$1,500, went to women entrepreneurs.

New management skills acquired through USAID-funded training reduced operating costs of eight USAID-supported business support institutions by up to eight percent. These institutions also introduced new services, which increased their client base by an average of 36%. Of BSI clients, over half reported a significant increase in sales within six months of receiving assistance. During FY 2001 business support institutions reached more than 8,000 clients and trained 77,000 people. And to groom young entrepreneurs, Junior Achievement Russia now reaches over 6,000 Russian schools and over the course of a decade has trained over 1.7 million boys and girls in extracurricular programs.

To promote investment, USAID introduces training in international accounting standards (IAS) for businesses in selected regions. Six professional firms that received such training now offer fee-based transformations as part of their services, and Tomsk University offers a course on international accounting standards, the first in Siberia. Four accounting institutes in Samara started courses after their instructors were trained by USAID. In Regional Initiative sites of Tomsk and Samara, USAID has brought about a private-public dialogue to identify investment barriers in regions and find ways to improve the business climate.

The performance of some activities have led us to refocus in several areas. Our success in microfinance led to a new activity to develop a national organization that will accelerate the growth and maturation of Russian microfinance lending institutions. With this activity online, we will phase out over several years activities providing capital for microfinance lending. Our success in federal policy advocacy, as well as the need to deepen the reform effort at the regional level, led us to

strengthen business associations in eight pilot regions to advocate for policy change. To hasten the adoption of IAS, which the GOR has mandated for all businesses by 2010, we will work with universities and institutes to incorporate IAS courses into the curriculum.

SME growth still faces large challenges. The momentum for policy changes, and their implementation, to improve the SME environment must be continued. Regional business associations will play a crucial role in sustaining this effort, by broadening participation and building public-private partnerships. Another challenge is to ensure that both men and women have access to credit and other business services. For example, with women account for a high percentage of microloans, their numbers appear to decline precipitously as the average loan size increases. We will assess the barriers to growth for women that account for this trend. In a third challenge, the Russian Far East lacks skill levels and infrastructure that accompany economic growth. Business support institutions need to provide management training and services in strategic locations. To build up local capacity so that the oil and gas industry can find SME services without wholly importing a labor force, we may develop a program specifically tailored to Sakhalin Island.

SO 118-014 IMPROVED ECONOMIC INFRASTRUCTURE TO SUPPORT MARKET-ORIENTED GROWTH

This SO met or exceeded its targets on almost all key indicators, for which data continues to be tracked, including the strategic objective-level indicator.

This past year the Duma enacted major laws advancing economic policy, pension reform, tax reform and deregulation. Capitalizing on this situation, USAID-supported policy institutes had a major hand in building an economic, legal and regulatory infrastructure for broad-based private sector growth. Through these successes the GOR is reaping a return on almost a decade of economic policy work.

The policy institutes supported by USAID have had significant success this year in shaping fiscal policy. Russia's regions are placing increasing importance on intergovernmental fiscal policy, as evidenced by 16% of the regions that adopted transparent formulas to distribute their funds to municipalities. The Ministry of Finance incorporated several recommendations from the Center for Fiscal Policy into the Russian Budget Code. A new tax law developed by the Institute for the Economy in Transition (IET) reduces the corporate profit tax rate from 35% to 24%. Seven months after a new 13% personal income tax rate developed by IET took effect, revenues had increased by 54%. Russia's current tax regime is now considered the most liberal in Europe.

Through USAID's Loan Portfolio Guarantee Program, BIN Bank has made a cumulative 75 loans in the amount of \$3 million to SMEs through its branches in four regions. BIN Bank's success demonstrated that SME lending could be profitable; three more commercial banks have been accepted into this program to provide at least \$5 million in loans to the cash-starved SME sector. Following recommendations developed with USAID's technical assistance, the Central Bank mandated that all commercial banks adopt international accounting standards by 2004.

Twenty-seven USAID-funded policy institutes and analysts disseminated 180 publications to government officials and developed key reform legislation. In July, the Duma passed laws developed by the National Project Institute greatly lowering administrative barriers to businesses: reducing the activities subject to state licensing from over 500 to 104, easing business registration procedures and limiting the number of state inspections. The Independent Actuarial Center, prepared analysis for pension reform legislation that passed the Duma this summer.

Under this objective, USAID also supports regional economic development on Sakhalin Island. This year USAID funded a comprehensive workforce assessment for the Sakhalin oil and gas industry. In addition, the Sakhalin Duma enacted the Sakhalin Fund for Future Development. Modeled on the Alaska Permanent Fund, the fund allocates a portion of Sakhalin's future revenues to educational and

sustainable development projects, including a technical training college. USAID will assist in its implementation in FY 2002.

Although personal deposits in Russian banks grew by 40% over the previous year, banking sector reform, crucial to Russia's economic development, remains the most complicated and politically sensitive of the economic reforms. Because there is some modest movement — e.g., the GOR 's acceptance of a banking reform strategy — USAID will support a small amount of policy work in the banking sector. Most of our work in the sector will, however, shift to regional commercial banks.

The challenge of increasing the quality of economic analyses will require exposing policy institutes to international economic policy through visits by experts. Meanwhile the top institutes will require continued institutional strengthening to become self-sustaining.

The final challenge, to promote wide public discussions on the benefits of economic reform, requires that staff of policy institutes be trained in dissemination and advocacy. USAID's think tank program will seek to address these challenges facing the policy institutes through working with a select institutes.

SO 118-016 INCREASED ENVIRONMENTAL MANAGEMENT CAPACITY TO SUPPORT SUSTAINABLE ECONOMIC GROWTH

This strategic objective appears to be on track based on the SO-level indicator, which exceeded its target. The number of oblasts that are implementing environmental management activities in 2001 was 78, as compared to the target of 75. Project-level indicators confirm our progress towards achieving the objective. The two activities under this objective, Replication of Lessons Learned and FOREST, directly benefit forestry administrations, businesses, public sector organizations, non-governmental organizations (NGOs) and the general population of the Far East and Eastern Siberia.

Since the FOREST project began in December 2000, our assistance to forestry administrations and small businesses in forest management has increased reforested acreage in one major forest region; has strengthened capacity to fight forest fires in two such regions; and is widening investment opportunities in secondary wood processing, non-timber forest products and ecotourism. USAID has also played an important role in minimizing the impact of transboundary environmental problems. For example, the Siberian Moth is a serious threat to Russia's forests because of defoliates trees. Through transboundary migration, these moths also threaten the U.S. USAID introduced a system of detecting the moth's presence using pheromone traps. This new tool provides the information needed by the Ministry of Natural Resources to combat outbreaks quickly.

Khabarovskiy Kray reports that reforestation efforts are now exceeding the amount of timber being cut in the region, due in part to USAID's greenhouse programs, which introduced a cost-effective method to grow robust seedlings. With USAID's assistance, seven mobile fire fighting units were created and equipped in Khabarovskiy and Primorskiy krays to more effectively combat forest fires and to protect the Amur Taiga habitat. Last year these fire brigades saved human lives and thousands of hectares of valuable forests.

USAID's environmental management program is credited with having played a major role in attracting support for national environmental NGOs, which are among the most effective and active civil society groups in Russia. In 2001, these influential NGOs weighed in on such controversial issues as nuclear waste, environmental health and the reorganization of the Ministry of Natural Resources. One was the key public representative at hearings devoted to a dispute over gas production in the environmentally sensitive Baikal region. Consequently the project was suspended. NGOs sponsored 41 educational projects that trained teachers and introduced environmental curricula into schools. USAID's program established a network among children in 140 cities who are using the Internet to

share environmental experiences. About 1000 organizations in 70 regions of Russia directly benefit from such activities.

A dramatic reorganization of the government bodies responsible for environmental protection and forestry took place in May 2000. The Ministry of Natural Resources subsumed both the State Committee on Environmental Protection and the Federal Forest Service. As the situation remains in flux and fewer financial resources are made available by the GOR for environmental protection and forestry, we have shifted our support to local and regional activities.

SO 118-021 INCREASED, BETTER INFORMED CITIZENS' PARTICIPATION IN POLITICAL AND ECONOMIC DECISION-MAKING

Based on activity-level data and our understanding of what is happening in the sector, we believe this Strategic Objective is on track. Deficiencies in the Performance Monitoring Plan's indicators make it impossible for us to certify whether we met our targets. For the two indicators for which we do have data, one exceeded its target and one failed to meet it.

Although there were no national elections in 2001, there were many local and regional elections. The VOICE coalition for election monitoring observed many of these elections and reported that they proceeded without interference or manipulation. VOICE itself registered as an NGO and expanded its activities from 7 to 15 regions. It is on the path to achieving its goal of monitoring the Presidential elections in 2004.

There are few reliable statistics on how much programming is produced and broadcast by regional non-state TV stations, but it is clear from a variety of reports that non-state regional TV stations have become an established source of local news. Our goal of 50% viewership for locally produced newscasts may have been reached in some major markets. A USAID-sponsored NGO, Internews, set up a regional news competition for local reporting which gave local stations even more incentive to improve the quality of their programming, brought together representatives of regional television stations that previously worked in isolation, raised the accomplishments of local news program to national attention, and motivated a young and rapidly developing community of journalists to take their role as builders of civil society seriously. The televised awards ceremony, "News — Local Time," itself won Internews a prestigious TEFI award in 2001.

To measure the growth of civil society, it is useful to look at the behavior of NGOs. In FY 2001, nearly two-thirds of USAID-supported NGOs reported that they had worked in coalitions with other civic groups to advance common causes. Likewise, 86% of these NGOs said that volunteers help them, and most reported broad community support. For example, Siberian Charity Week in April 2001, drew on 120,000 volunteers who staged 650 philanthropic events, worth \$53,500 in labor and in-kind donations. The importance of NGOs was confirmed at events such as NGO fairs and competitions. Further, representatives of regional governments are observing the workings of NGOs closely as they sit on NGO boards. At least three regional governments have adopted NGO grantmaking procedures as models for selecting service providers. USAID-funded NGOs were integrally involved in organizing the Kremlin's Civic Forum in the fall of 2001 and ensured that it remained a civil society-led forum rather than becoming a means for the GOR to organize NGOs for their purposes.

USAID helped establish the principle that no party is above the law by aiding legal clinics that successfully challenged government actions in the courts. Over the past 18 months, these clinics represented the interests of 7,000 workers and 220 trade unions in 2,720 hearings, resulting in \$222,700 in awards.

Russia's progress toward full participatory democracy is uneven. Although there are some signs of consolidating state power versus ensuring full participation and free speech, civil society continues to

grow. However, the free flow of ideas and information appears threatened by government pressure on media outlets and other sources of independent information. Such pressure forced a change in management at NTV and the removal (at least temporarily) of TV6 from the airwaves, compromising the ability of what were Russia's last national television networks to provide information independent of the state. These changes also have hurt many regional television stations, particularly those that depended on TV6 for programming and other support. Nevertheless, the number of regional non-state media continues to increase, supported by technical assistance from USAID-supported Internews and the Press Development Institute.

Political party development faces challenges in the prelude to parliamentary elections in 2003 and a presidential election in 2004. A law on political parties, passed in May 2001, reflects the Kremlin's stricter limits on political party activity. The law's full effect was not apparent in FY 2001. Under the new law, candidates for federal office can only be nominated by political parties; it is unclear whether this restriction will also restrict political participation. The law is likely to reduce the number of parties from more than 140 to less than 20, and it is unclear whether the five major parties will gain more popular support or simply have fewer competitors.

SO 118-022 STRENGTHENED RULE OF LAW AND RESPECT FOR HUMAN RIGHTS

USAID's work to advance the rule of law encompasses judicial and legal reform, human rights and anti-corruption efforts. The beneficiaries of these activities are the Russian judiciary, attorneys, and NGOs. Indirect beneficiaries include local and international business and all Russian citizens and foreigners who come in contact with the Russian legal system.

There were significant advances in each of these areas during FY 2001. Of the 19 indicators used by this strategic objective, 12 met their targets and seven did not. Based on the importance of the indicators that were achieved, we can certify that this strategic objective met its targets. The Putin Administration made legal and judicial reform a high priority, resulting in three important laws on the judiciary enacted in late 2001. Most important is the new Criminal Procedure Code, which elevates the status of the judiciary, expands the duties of judges, and mandates jury trials for serious criminal cases by 2003. Major amendments to laws on the status of judges and on the Constitutional Court were also passed. The legal profession's prestige has also grown, as measured by the number of applicants to law school and the high salaries paid to some private sector lawyers.

On the human rights front, the picture is bleaker. Western and Russian NGOs have collected large amounts of information documenting human rights abuses and flagged disturbing developments in broadcasts media and religious freedoms.

Russian NGOs working to combat corruption have become more prominent, and more government figures have taken strong stands against corruption in government. Under this SO, USAID continued to support a program of public-private partnerships to combat corruption in the Tomsk and Samara Regional Initiative areas, as well as an anti-corruption small grants program.

USAID's assistance has played a significant role in advancing the rule of law in Russia. Notable successes include, the development of Moscow-Helsinki Group's USAID-supported network of human rights monitors that report annually on the human rights situation in Russia's regions. Half of these monitoring groups are now capable of sustaining themselves, and the fact that the European Union will be taking over funding of the remaining groups indicates the value that others place on the network. Meanwhile, the Sakharov Center continued its seminars and workshops for schoolchildren and teachers on human rights issues, along with an active human rights publishing program.

USAID assistance has promoted close working ties between the judiciaries of the U.S. and the Russian Federation during 2001. We have continued to support cooperative relationships between the Administrative Office of the U.S. Courts and the Judicial Department of the Supreme Court of the

Russian Federation and between the Judicial Conference of the U.S. and the Russian Council of Judges. Through our gender law program, activists for women's rights and law enforcement officials have received specialized training.

The challenges in the area of the rule of law include adjustments to the new legal system, a continuing lack of transparency, persistent corruption, and lack of public understanding and trust. Implementation of the most important legislative advances in the legal system — such as the change from an inquisitorial to an adversarial system — will require new written guidelines and substantial training for lawyers, judges and other legal personnel (though USAID-assisted clinical law education programs are already helping somewhat in this regard). The public lacks understanding and trust in the judicial system and is not well informed about recent changes. Corruption is pervasive in both economic and political institutions, including the judiciary. The code of ethics of Russian judges is only a few years old, with no history or consistent application. Finally, the great challenge of informing citizens of their rights while also motivating them to take responsibility is complicated by widespread apathy, particularly among youth.

The prospects for significant improvement in establishing the rule of law depend heavily on continued political will within both the presidential administration and the judiciary. In any event, the development of the rule of law in Russia will be a long-term endeavor.

SO 118-032 IMPROVED EFFECTIVENESS OF SELECTED SOCIAL BENEFITS AND SERVICES

This strategic objective was intended to integrate activities strengthening social service delivery at the local level with those providing models for national replication. Over the years two distinct program areas emerged. The health portfolio combines efforts to combat infectious diseases — such as HIV/AIDS, sexually transmitted diseases and tuberculosis — with community-based preventive health and assistance to orphans. The local governance portfolio's activities strengthen the capacity of local governments and communities to address the needs of their constituents for public services. The amended strategy splits the components into two objectives: local governance (SO 023) and health. For the last time, we report on them as SO 032, but separated to reflect the change.

Local Governance

This part of SO 032 met half of its targets in the Performance Monitoring Plan. However, the validity of these data in measuring the program is suspect. Based on what is happening in the local governance sector, and our implementing partner's central role in these developments, we believe that we have achieved significant results.

Russia's municipalities are the principal level of government for the administration of social assistance and the delivery of social services, operating in a pluralistic regime in which the local legislature, private businesses, and citizens groups have growing influence. If they are to be sustainable, cities must make better use of their assets and improve their delivery of services. Although true reform has come to only a handful of Russian communities, this situation is rapidly changing: with the GOR's re-energized policy development and continued physical deterioration of municipal infrastructure, there is a huge demand for assistance with national- and local-level reforms. USAID's local governance activities are in the forefront of responding to those needs. Municipal and oblast administrations, federal officials, social service providers, low-income populations, small businesses, housing management and real-estate companies and NGOs are the prime beneficiaries of this work.

In July 2001, the government adopted the Mid-term Program for Socio-Economic Development of the Russian Federation: Years 2002-2004 (the "Gref Plan") which includes sections on land, real estate, housing and communal economy reform based on USAID's work in the regions, administered by the Institute of Urban Economics (IUE). The government also based its program for reform of the

housing and communal services sectors for 2002-2010 on USAID's models. This will have a dramatic impact on fiscal and social policy, and improve targeting of funds to the truly needy. The Gref Plan quickly produced the Land Code, enacted by the Duma in September. The new code provides the first national-level basis for the sale and purchase of non-agricultural land. Again, IUE helped draft the legislation.

July also marked the moment that Cherepovets became the first city in Russia to achieve full cost-recovery in its housing communal services. Four other pilot municipalities expanded means-testing in their social services systems and introduced competitive procurement in the delivery of services, to give the truly needy more effective assistance. Analytical tools and treasury systems developed by a USAID public finance activity are helping cities to better manage their budgets and to increase transparency.

The first Federal District Fairs of Social NGOs brought together social service NGOs, the business community and regional and municipal administrations from 15 regions. At each fair, more than 600 NGOs competed for grants from government and business, building partnerships for public-private cooperation and NGO participation in local budget decisions. Seven cities adopted strategic development plans created in partnership with business and NGO communities.

IUE also responded to the winter heating crisis of 2000-2001. An Energy Efficiency Improvement Program for Magadan Oblast was developed for the Oblast Administration, which budgeted for the program in FY 2002. IUE assessed Primorsky Krai's communal services system to help local administrations prevent another winter without heat.

Debate continues on distribution of authority and resources among different levels of government. The Russian Constitution clearly separates local self-governance from the federal government, but often local governments are still deprived of real autonomy. In an increasingly negative trend, federal and regional governments are attempting to preempt many important local decisions. The debate will enter another phase in mid-2002 when the year-long Presidential Commission on Distribution of Authority and Resources issues its recommendations to the Putin Administration. Similar challenge lies in getting the word up to the federal level on how reforms work at local level and what reforms are needed.

Not all reforms are universally popular. Cost recovery in communal services, for example, is politically risky, but administrations that resist will face worsening crises as their municipal infrastructure continues to crumble. This year cities appear to have bought time as an unusually mild winter draws to a close, but such luck is not likely to continue next year.

Already, demand for IUE's services outstrips its ability to respond. Without an increase in funding, IUE cannot adequately respond to these demands. In seeking ways to be more efficient, we consolidated all activities in this sector—improving coordination and implementation so that we can have a greater impact on locations where we do work.

Health

The health program met its targets. Data are not yet available for our key indicator on tuberculosis, but recent trends suggest this target will also be met.

The tuberculosis program currently covers the entire population of three oblasts, including both prison and civilian populations. A pilot site in Orel achieved an average treatment success rate of more than 75 %, WHO's standard for success, and preliminary results from the other two sites are also encouraging. USAID's campaign to combat HIV/AIDS is increasing awareness of HIV and sexually transmitted infections among young people and other high-risk groups. One site reports both dramatic reductions in needle-sharing among drug users and increased use of condoms. The Ministry of Health has recommended active collaboration between obstetrician-gynecologists,

specialists in skin and venereal diseases and neonatologists in the prevention and diagnosis of congenital syphilis, based on a USAID-supported study by the Centers for Disease Control and Prevention. Research is improving service delivery in treating other sexually transmitted diseases in Moscow.

Given high rates of sexually transmitted infection and increasing drug use, youth in Russia are at particular risk for HIV infection. During 2001, targeted HIV/AIDS prevention activities reached an estimated 30,000 youth in Moscow and 28,500 in Saratov. In addition, a weekly radio program "Minus Virus" in Saratov reaches about 70,000 young people with HIV and other reproductive health information. Federal mass media messages targeting youth reached about 3.4 million viewers. An innovative Internet-based campaign reached an estimated 1.8 million youth nationally, of whom an estimated 30% live in Moscow.

Quality assurance programs use a problem-solving approach to introduce changes in service delivery related to specific health problems. Pilot projects in Tula and Tver on hypertension, pregnancy-induced hypertension, and perinatal respiratory distress syndrome improved health outcomes and cut costs significantly. In three years, regional authorities have embraced these techniques and during 2001 clinicians spread them oblast-wide. The Ministry of Health is considering a national program using the methodology and is reviewing a proposal by federal health officials, developed during a USAID-funded seminar, for a national approach to quality assurance.

Building upon the success of 15 hospital partnerships, the seven primary health care partnerships are fostering more effective and efficient delivery of community-based health services, focusing on family medicine, women's and infant health, STIs/HIV, infection control, and management of chronic diseases. During 2001, partnerships developed programs that will result in more than ten new primary health care facilities in the next two years. A regional evaluation in 2001 documented the AIHA program's success.

As a result of U.S. technical assistance under USAID's women and infant health activity, the Ministry of Health issued national breast-feeding policies that bring Russia into conformance with WHO's standards to promote healthier babies. Target sites have restructured their services to meet WHO's standards in mother and child care, while research is showing the impact of high quality post-abortion care. More than 5,000 children and 3,000 families have benefited from assistance in more than 20 regions under USAID's Assistance to Russian Orphans program. Initiatives in Tomsk, Novgorod, Primorskiy Kray and Magadan have led governments to seek partnerships with NGOs to improve child welfare practices. Local governments and businesses have pledged to fund some of these services after USAID's program ends. Evaluations of these activities documented the dramatic achievements of both.

The Assistance Review mandates more funding for health. We are consequently increasing FSA levels for its activities. Much of the poor state of Russia's health indicators can be laid to individual lifestyle choices and the low priority given to preventive health practices. To make major gains in health, a new activity will target the major causes of elevated mortality in Russia and pursue approaches using the Internet and other communication strategies to further disseminate successful models and intensify our focus on youth.

SO 118-41 SPECIAL INITIATIVES

This objective finances the U.S.-Russia Investment Fund (TUSRIF), managed by Delta Capital, which provides financial services for the Russian market. TUSRIF is required to set only long-term targets for overall profitability. Based on performance measures reported in the Congressional Budget Justification submitted in FY 2001, we are meeting our targets. TUSRIF has requested an FY 2002 obligation of \$50 million, with which the U.S. congressional conference report has concurred. Because only \$20 million has been appropriated, TUSRIF is working with other donors (EBRD, IFC

and OPIC) to find additional sources of funding so that they can expand their financial programs as quickly as possible.

SO 118-042 CROSS-CUTTING INITIATIVES

Although not required to report on them, we would like to say a word about partnerships and training. USAID's participant training programs build skills that Russian leaders, professionals and young entrepreneurs need to function effectively and manage their organizations, expose Russians to U.S. values and approaches and help integrate Russia into the international community. This year, a series of innovative management workshops for alumni led to the creation of new alumni groups in Samara and Novgorod and led to significant strengthening of Tomsk, Khabarovsk and Vladivostok alumni associations. To maximize impact, this activity will target several regions and emphasize alumni development and capacity-building of local training institutions.

USAID's partnership programs have been a flexible mechanism for addressing immediate needs and creating strong ties between Americans and Russians. Under one partnership, a Russian team developed two surgical procedures that introduced corneal transplants to Russia. Another partnership expanded a student legal clinic at a state university, which became the primary legal service provider for the region's poor. The partners disseminated their experience to law schools in other Russian regions seeking to establish legal clinics. A third partnership developed a women's business exchange program.

USAID supports the Eurasia Foundation, which works with more than 1,000 nonprofit organizations, educational institutions, companies and local governments throughout Russia and their counterparts in the U.S. Through its competitive grants programs, the Foundation has been able to provide a quick and flexible response to the needs of Russian citizens and grass roots organizations in small business development, public administration and civil society. For example, in FY 2001, a new loan guarantee fund provided small business support to male and female entrepreneurs in Tomsk, encouraging commercial banks to lend to small businesses.

Annual Report Part IV: FY 2001 Performance Data Tables and Results Frameworks

Please see attached two files: 1) Annual Report Selected Performance Measures
2) FY00 Climate Change Reporting Guidance – Data Tables

Table 1: Annual Report Selected Performance Measures

February 22, 2002

Indicator (all data should pertain to FY or CY 01)		OU Response			Fund Account	Data Quality Factors
Pillar I: Global Development Alliance: GDA serves as a catalyst to mobilize the ideas, efforts, and resources of the public sector, corporate America and non-governmental organizations in support of shared objectives						
1	Did your operating unit achieve a significant result working in alliance with the public sector or NGOs?	Yes X	No	N/A	FSA	
2	a. How many alliances did you implement in 2001? (list partners)	4 (AIHA, FSVS, BIN Bank, SPAN program partnerships)			FSA	
	b. How many alliances do you plan to implement in FY 2002?	4 (see budget narrative)			FSA	
3	What amount of funds has been leveraged by the alliances in relationship to USAID's contribution?	\$16,166,122			FSA	Estimated total. Out of this total, \$10,964,267 was estimated for AIHA Partnership activity from October 1998 until December 31, 2001. It includes the total in-kind contribution (human resources, medical and educational equipment, and supplies) made by U.S. partners working in Russia on the new partnerships.
Pillar II: Economic Growth, Agriculture and Trade: USAID works to improve country economic performance using five approaches: (1) liberalizing markets, (2) improving agriculture, (3) supporting microenterprise, (4) ensuring primary education, and (5) protecting the environment and improving energy efficiency.						
4	If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets? (SO 1.3 Accelerated Development and Growth of Private Enterprises)	Exceed	Met X	Not Met	FSA	This assessment is based on estimates as statistical data for 2001 are not yet available.
4	If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets? (SO 1.4 Improved Economic Infrastructure to Support Market-Oriented Growth)	Exceed	Met X	Not Met	FSA	Some statistical data for a couple indicators is not yet available.
4	If you have a Strategic Objective or Objectives linked to the EGAT pillar, did it/they exceed, meet, or not meet its/their targets? (SO 1.6 Increased Environmental Management Capacity to Support Sustainable Economic Growth)	Exceed	Met X	Not Met	FSA	This assessment is based on the SO level indicator and project-level data.
USAID Objective 1: Critical, private markets expanded and strengthened						
5	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	FSA	
USAID Objective 2: More rapid and enhanced agricultural development and food security encouraged						
6	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A	FSA	USAID, however, has made a significant contribution to improving access to agricultural credit by 750 private farmers.

Indicator (all data should pertain to FY or CY 01)		OU Response			Fund Account	Data Quality Factors
USAID Objective 3: Access to economic opportunity for the rural and urban poor expanded and made more equitable						
7	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	FSA	
USAID Objective 4: Access to quality basic education for under-served populations, especially for girls and women, expanded						
8	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X	N/A	
9	a. Number of children enrolled in primary schools affected by USAID basic education programs (2001 actual)	Male N/A	Female N/A	Total N/A	N/A	
	b. Number of children enrolled in primary schools affected by USAID basic education programs (2002 target)	N/A	N/A	N/A	N/A	
USAID Objective 5: World's environment protected						
10	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	FSA	
11	a. Hectares under Approved Management Plans (2001 actual)	N/A			N/A	
	b. Hectares under Approved Management Plans (2002 target)	N/A			N/A	
Pillar III: Global Health: USAID works to: (1) stabilize population, (2) improve child health, (3) improve maternal health, (4) address the HIV/AIDS epidemic, and (5) reduce the threat of other infectious diseases.						
12	If you have a Strategic Objective or Objectives linked to the Global Health pillar, did it/they exceed, meet, or not meet its/their targets? (SO 3.2 Improved Effectiveness of Selected Social Benefits and Services -- Health)	Exceed	Met X	Not Met	FSA, CSD	Some 2001 actual data is from the annual WHO report, which has not yet been published.
USAID Objective 1: Reducing the number of unintended pregnancies						
13	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A	FSA	
USAID Objective 2: Reducing infant and child mortality						
14	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	FSA	Fall 2001 Poptech evaluation of Women and Infant Health Program documents impact on infant mortality. Quality improvement data from Tver documents reductions in neonatal mortality.

Indicator (all data should pertain to FY or CY 01)		OU Response			Fund Account	Data Quality Factors
USAID Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth						
15	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A	FSA	
USAID Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries						
16	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No X	N/A	FSA, CSD	Note: Russia falls outside the definition of this Objective.
USAID Objective 5: Reducing the threat of infectious diseases of major public health importance						
17	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	FSA, CSD	Improved tuberculosis treatment success rates in pilot sites which encourage national changes in tuberculosis treatment and control.
Pillar IV: Democracy, Conflict and Humanitarian Assistance						
18	If you have a Strategic Objective or Objectives linked to the Democracy, Conflict and Humanitarian Assistance Pillar, did it/they exceed, meet, or not meet its/their targets? (SO 2.1 Increased, Better Informed Citizens' Participation in Political and Economic Decision-Making)	Exceed	Met	Not Met	FSA	2001 actual data for most indicators is not available yet. The two indicators that we have measured: one exceeded, one didn't meet the targets. We don't believe these two are sufficient for certification.
18	If you have a Strategic Objective or Objectives linked to the Democracy, Conflict and Humanitarian Assistance Pillar, did it/they exceed, meet, or not meet its/their targets? (SO 2.2 Strengthened Rule of Law and Respect for Human Rights)	Exceed	Met X	Not Met	FSA	Out of 19 indicators that are valid in this SO, 12 met the targets and 7 didn't meet the targets. Based on the importance of these indicators we believe we can certify that this SO met its targets.
18	If you have a Strategic Objective or Objectives linked to the Democracy, Conflict and Humanitarian Assistance Pillar, did it/they exceed, meet, or not meet its/their targets? (SO 3.2 Improved Effectiveness of Selected Social Benefits and Services -- Local Governance)	Exceed	Met X	Not Met	FSA	The certification is based on our understanding of the sector. We can not make certification based on the indicators because of the inadequate measurement.
USAID Objective 1: Rule of law and respect for human rights of women as well as men strengthened						
19	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	FSA	
USAID Objective 2: Credible and competitive political processes encouraged						
20	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	FSA	

Indicator (all data should pertain to FY or CY 01)		OU Response			Fund Account	Data Quality Factors
USAID Objective 3: The development of politically active civil society promoted						
21	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	FSA	
USAID Objective 4: More transparent and accountable government institutions encouraged						
22	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	FSA	
USAID Objective 5: Conflict						
23	Did your program in a pre-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X	N/A	
24	Did your program in a post-conflict situation achieve a significant result in the past year that is likely to contribute to this objective?	Yes	No	N/A X	N/A	
25	Number of refugees and internally displaced persons assisted by USAID	Male	Female	Total N/A	N/A	
USAID Objective 6: Humanitarian assistance following natural or other disasters						
26	Did your program achieve a significant result in the past year that is likely to contribute to this objective?	Yes X	No	N/A	FSA	
27	Number of beneficiaries	1,000			FSA	This is an estimated number based on the number of disseminated goods. Number of beneficiaries was not tracked.

Table 2: Selected Performance Measures for Other Reporting Purposes

The information in this table will be used to provide data for standard USAID reporting requirements

Indicator (all data should pertain to FY or CY 01)		OU Response		Fund Account	Data Quality Factors
Child Survival Report					
Global Health Objective 1: Reducing the number of unintended pregnancies					
1	Percentage of in-union women age 15-49 using, or whose partner is using, a modern method of contraception at the time of the survey. (DHS/RHS)	N/A		FSA	Russia did not conduct a DHS or RHS in FY01.
Global Health Objective 2: Reducing infant and child mortality					
2	Percentage of children age 12 months or less who have received their third dose of DPT (DHS/RHS)	Male N/A	Female N/A	Total N/A	N/A
3	Percentage of children age 6-59 months who had a case of diarrhea in the last two weeks and received ORT (DHS/RHS)	Male N/A	Female N/A	Total N/A	N/A
4	Percentage of children age 6-59 months receiving a vitamin A supplement during the last six months (DHS/RHS)	Male N/A	Female N/A	Total N/A	N/A
5	Were there any confirmed cases of wild-strain polio transmission in your country?	N/A		N/A	USAID/Russia does not monitor it.
Global Health Objective 3: Reducing deaths and adverse health outcomes to women as a result of pregnancy and childbirth					
6	Percentage of births attended by medically-trained personnel (DHS/RHS)	N/A		N/A	
Global Health Objective 5: Reducing the threat of infectious diseases of major public health importance					
7	a. Number of insecticide impregnated bed-nets sold (Malaria) (2001 actual)	N/A		N/A	
	b. Number of insecticide impregnated bed-nets sold (Malaria) (2002 target)	N/A		N/A	
8	Proportion of districts implementing the DOTS Tuberculosis strategy	11%		FSA, CSD	USAID/Russia uses estimates and projections from the WHO annual publication "Global Tuberculosis Control". This tracks the percentage of total population in Russia with access to internationally recognized approach to tuberculosis treatment and control.

HIV/AIDS Report

Global Health Objective 4: Reducing the HIV transmission rate and the impact of HIV/AIDS pandemic in developing countries

9	a. Total condom sales (2001 actual)	100,000			FSA, CSD	
	b. Total condom sales (2002 target)	400,000			FSA, CSD	
10	a. Number of individuals treated in STI programs (2001 actual)	Male N/A	Female N/A	Total N/A	FSA, CSD	Focus on changing treatment protocols using research rather than on increased access to treatment.
	b. Number of individuals treated in STI programs (2002 target)	N/A	N/A	N/A	FSA, CSD	Focus on changing treatment protocols using research rather than on increased access to treatment.
11	Is your operating unit supporting an MTCT program?	No			N/A	
12	a. Number of individuals reached by community and home based care programs (2001 actual)	Male N/A	Female N/A	Total N/A	FSA, CSD	Program focus is on prevention strategies.
	b. Number of individuals reached by community and home based care programs (2002 target)	N/A	N/A	N/A	FSA, CSD	Program focus is on prevention strategies.
13	a. Number of orphans and vulnerable children reached (2001 actual)	Male N/A	Female N/A	Total 9,000	FSA	Cumulative. NOTE: Program focus is not on children affected by HIV but on child welfare reform and deinstitutionalization.
	b. Number of orphans and vulnerable children reached (2002 target)	N/A	N/A	10,000	FSA	Cumulative. NOTE: Program focus is not on children affected by HIV but on child welfare reform and deinstitutionalization.
14	a. Number of individuals reached by antiretroviral (ARV) treatment programs (2001 actual)	Male N/A	Female N/A	Total N/A	N/A	
	b. Number of individuals reached by antiretroviral (ARV) treatment programs (2002 target)	N/A	N/A	N/A	N/A	

Victims of Torture Report

Democracy, Conflict, and Humanitarian Assistance Objective 7: Providing support to victims of torture

15 Did you provide support to torture survivors this year, even as part of a larger effort?	N/A			N/A	
16 Number of beneficiaries (adults age 15 and over)	Male N/A	Female N/A	Total N/A	N/A	
17 Number of beneficiaries (children under age 15)	Male N/A	Female N/A	Total N/A	N/A	

Global Climate Change

USAID Objective 5: World's environment protected

18 Global Climate Change: See GCC Appendix			
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